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Message Text

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FM SECSTATE WASHDC
TO USMISSION GENEVA

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FOR JOHN C. RENNER
FOLLOWING SENT ACTION TEL AVIV, JULY 20, FROM SECSTATE
RPTD TO YOU:
QUOTE

E.O. 11652: N/A
TAGS: PFOR, EAGR, ETRD, EGEN, IS
SUBJECT: GOI REQUEST FOR EXEMPTION FROM SOYBEAN EMBARGO

REF: STATE 139096
TEL AVIV 5646

1. DURING MEETING OF AMBASSADOR DINITZ AND ECONOMIC MINISTER SHER WITH UNDER SECRETARY CASEY ON JULY 18 REPORTED MEMCON, UNDER SECRETARY CASEY PRESENTED AMBASSADOR WITH FOLLOWING AIDE-MEMOIRE:

BEGIN QUOTE DEPARTMENT OF STATE REFERS TO MEMORANDUM OF EMBASSY OF ISRAEL DATED JULY 11, 1973 CONCERNING LIMITATIONS BY UNITED STATES GOVERNMENT ON EXPORTATION OF SOYBEANS. REQUEST OF GOVERNMENT OF ISRAEL THAT A WAIVER BE GRANTED TO PERMIT EXPORTATION OF FULL AMOUNT OF THREE SHIPMENTS OF SOYBEANS SCHEDULED FOR MONTHS OF JULY AND AUGUST IS UNDER INTENSIVE CONSIDERATION BY APPROPRIATE UNITED STATES OFFICIALS.
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QUOTE DEPARTMENT OF STATE UNDERSTANDS FULLY PROBLEMS CURRENT EXPORT LIMITATIONS CAUSE AS WELL AS SERIOUS CONCERNS OF GOVERNMENT OF ISRAEL WHICH HAVE LED IT TO REQUEST A WAIVER OF EXPORT LIMITATIONS. DEPARTMENT REGRETS THEREFORE THAT IT IS NOT YET IN A POSITION TO CONVEY A FAVORABLE DECISION IN THIS MATTER.

QUOTE IT IS VIEW OF DEPARTMENT HOWEVER THAT FIRST SHIP SCHEDULED TO DEPART NEW ORLEANS IN JULY CAN BE FULLY LOADED BY COMBINING 50 PER CENT OF EACH CONTRACT AS PERMITTED UNDER CURRENT REGULATIONS. IN THIS WAY IMMEDIATE PROBLEM OF GOVERNMENT OF ISRAEL CAN BE MET. HOPEFULLY, A DECISION ON REQUEST FOR A WAIVER CAN BE REACHED BEFORE A SECOND SHIP IS SCHEDULED TO DEPART.

QUOTE DEPARTMENT REGRETS THAT IT CANNOT PROVIDE EMBASSY OF ISRAEL WITH A MORE SATISFACTORY RESPONSE AT THIS TIME. IT BELIEVES HOWEVER THAT PROCEDURE SUGGESTED CAN ALLEVIATE PROBLEM UNTIL A MORE DEFINITIVE DECISION IS REACHED. END QUOTE

2. SHER STATED THAT GOI HAD ALREADY TAKEN STEPS TO COMBINE 50 PER CENT OF TWO SHIPMENTS FOR SHIP PRESENTLY IN NEW ORLEANS. PROBLEM NOW WAS SECOND SHIP WHICH WAS SCHEDULED TO ARRIVE IN NEW ORLEANS JULY 20. IN RESPONSE TO QUERY IF SECOND SHIP COULD NOT BE LOADED 50 PER CENT SOYBEANS AND 50 PER CENT CORN, SHER SAID HE WAS NOT SURE ISRAEL COULD USE CORN FOR ANIMAL FEED.

3. UNDER SECRETARY CASEY SUGGESTED GOI DELAY THIRD SHIP UNTIL SEPTEMBER WHEN NEW SOYBEAN CROP WOULD BE AVAILABLE. SHER POINTED OUT IT TOOK SIX WEEKS FOR SOYBEANS TO REACH ISRAEL. HOWEVER, SHER STATED THAT DECISION ON THIRD SHIP COULD BE DELAYED UNTIL AUGUST. IN MEANTIME, GOI RENEWED REQUEST FOR EXEMPTION IN ORDER TO FILL SECOND SHIP 100 PER CENT WITH SOYBEANS. GOI WOULD CHECK TO SEE IF CORN WERE SUBSTITUABLE FOR SOYBEANS.

4. SHER PRESENTED FOLLOWING CONFIDENTIAL MEMORANDUM ON EFFECT OF EMBARGO IMPLEMENTATION ON ISRAEL:
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BEGIN QUOTE THIS MEMORANDUM IS BEING SUBMITTED TO COMPLY WITH REQUEST FOR A WRITTEN ASSESSMENT OF EFFECT OF CURTAILMENT OF SOYBEAN SHIPMENT ON ISRAEL'S AGRICULTURE AND FOOD ECONOMY.

QUOTE OUR MEMORANDUM OF JULY 11, 1973 INDICATES THAT HALVING THREE JULY-AUGUST CONTRACTUAL SHIPMENTS TO A TOTAL

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OF 45,000 TONS WILL LIMIT AVAILABILITY TO ISRAEL'S PRO-
CESSING INDUSTRY TO 90,000 TONS OF SOYBEANS FOR PERIOD
BEGINNING MID-JULY AND ENDING WITH ARRIVAL OF NEW CROP
SOYBEANS AT EARLIEST MID-NOVEMBER, 1973. NORMAL CON-
SUMPTION IN THIS FOUR MONTH PERIOD WOULD BE AT LEAST
120,000 TONS. THUS, IF IT WERE FEASIBLE TO COMPLETELY
EXHAUST ALL STOCKS BY NOVEMBER 15, 1973, PROCESSING WOULD

STILL HAVE TO BE LIMIED TO THREE QUARTERS OF NORMAL.

QUOTE ISRAEL'S EDIBLE OIL EXTRACTION INDUSTRY NORMALLY
PROCESSES SOMEWHAT MORE THAN 30,000 TONS OF SOYBEANS A
MONTH, WHICH YIELD ABOUT 26,000 OF OIL CAKE. TEN PER CENT
OF THIS HIGH PROTEIN FEED IS USED FOR CATTLE AND 90 PER
CENT FOR POULTRY. POLICY HAS BEEN LAID DOWN TO EXEMPT
CATTLE FEED FROM RESTRICTIONS AND CONCENTRATE ANY UNAVOID-
ABLE CURTAILMENT ON POULTRY INDUSTRY. THUS, POULTRY WILL
BEAR ENTIRE BRUNT OF AN APPROXIMATE 6,500 TON A MONTH RE-
DUCTION IN AVAILABLE FEED, A CURTAILMENT OF SOME 28 PER
CENT IN NORMAL RATION.

QUOTE EGGS AND POULTRY MEAT ARE A VERY IMPORTANT SOURCE OF
PROTEIN IN ISRAEL DIET, 400 EGGS A YEAR AND 26 KG. LIVE
WEIGHT OF POULTRY MEAT PER CAPITA, A TOTAL ANNUAL CON-
SUMPTION OF 1.2 BILLION EGGS AND 140,000 METRIC TONS OF
POULTRY MEAT. POULTRY POPULATION CONSISTS OF SOME SEVEN
MILLION LAYING HENS, 65 MILLION BROILERS AND 750,000
BREEDING STOCK. END QUOTE. RUSH

UNQUOTE. ROGERS

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